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Chief, Economic Research Area, OER

6 July 1959

Deputy Chief, Industrial Division, OER

Monthly Report, June 1959

I. Relations with and Support to Other Components:

A. Intra-Agency Support

1. Chief, I/EE, together with other OER personnel, completed several actions in support of the OER KLINE Committee. Information relating to the study being undertaken by this Committee was obtained from the Federal Communications Commission, the Air Technical Intelligence Center, OHI, [REDACTED]

A meeting of the Committee will be held during the week of 6 July to consider further steps which should be taken.

2. With the assistance of Ch/E and Deputy Chief, D/I, a limited distribution paper was prepared for the DD/I by I/GM which analyzed the implications of certain recent remarks made by Khrushchev concerning the Soviet guided missile program.

3. A paper prepared in OHI stating the CIA position on the organization and control of the Soviet guided missile program was substantially revised and forwarded to the DCI jointly by AD/ER and AD/SI for transmittal to the Senate Armed Services Committee in reply to a request from that Committee.

4. [REDACTED] has been designated as the senior OER representative to Project [REDACTED] and [REDACTED] will comprise the I/GM contingent on that project.

5. A series of regular weekly meetings was started in June between Chief, OED/OEI, Chief, I/GM, and senior members of both organizations to exchange views and improve coordination on the growing number of major substantive problems affecting the research of both offices. Among the topics discussed at the first two meetings were means of improving the guided missile collection effort; the broad outlines of the CIA contributions to NIE 11-8-59 and 11-5-59, as well as the relationship between the two estimates; and exploration of a common OER/OEI approach on implementing the practice of CIA and ATIC analysts exchanging views in accordance with recent CIA-ATIC agreements.

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6. Chief, I/CM participated in a meeting chaired by the DD/I to discuss coordination of the intelligence community's requirements for the Vice President's forthcoming visit to the USSR.

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7. Chief, I/CM represented OHR at a meeting between [redacted] and representatives of the Board of National Estimates and OSI, at which [redacted] outlined his current views on the Soviet ICBM program. These views will be circulated for further comment in written form in the near future, and will be available for detailed examination.

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25X1A9a 8. Deputy Chief, D/I and various branches briefed Messrs. [redacted], St/PM, prior to their departure for PCS assignments [redacted], respectively.

9. Deputy Chief, D/I; Chief, I/SM; and branch analysts held several meetings with representatives of OSI/NSD on USSR nuclear submarine production. <sup>ASD</sup>

10. Support to DD/P:

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a. [redacted] I/CM, has replaced Mr. C. W. [redacted] as the OHR representative on the DD/P Guided Missile Task Force.

b. I/CM support to EE Division during the month included preparation of a detailed statement on guided missile intelligence collection targets throughout Poland; a series of conferences with an EE case officer regarding exploitation of a particular [redacted] source; and preparation of a special evaluation of the series of bi-weekly reports from [redacted] initiated largely at the request of I/CM, on missile deployment in the European Satellites.

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c. [redacted] (St/I) departed in mid-June for [redacted], respectively, to provide direct support and guidance to the intelligence exploitation programs concerned with repatriates from the USSR. Both were extensively briefed in I/CM prior to their departure. In addition, [redacted] (I/CM) spent several days at another agency preparing material of direct assistance to [redacted] and the [redacted] in identifying and assessing the Greek sources.

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d. Members of I/FE provided support to SR Division on the machine building industries of the Soviet Bloc.

**B. USIB Committees**

**USIB Committee on Exchanges:**

11. Chief, I/EE attended a meeting of the USIB Committee on Exchanges in connection with the extension of the US/USSR exchange Agreement. He was primarily representing the SIC Electronics and Telecommunications Subcommittee interest in an exchange of Microwave Communications. This exchange was originally proposed by the USSR. It was pointed out that this is an area of sensitivity from the security point of view, and that a very careful consideration of net advantage must be made.

12. I/FE provided support to this committee including a suggested list of plants in Novosibirsk and Sverdlovsk which Vice-President Nixon's group might visit on their trip to the USSR.

**C. Inter-Agency Support**

13. Members of D/I and D/M met with representatives of the Directorate of Targets, AFCEH-3 to discuss a more convenient and useable worksheet for submitting semi-annually COM production estimates of specified Sino-Soviet Bloc industries. It is anticipated that the new worksheets will be available for the September estimates.

14. Members of I/EM met with Major Likens of ACSI and interested OGI observers to review in detail the basis for the I/GM critique of the ACSI paper on Soviet missile deployment in East Germany published by the Special USIB Committee on the Berlin Situation. Although Major Likens was not prepared to alter his interpretations of the evidence considered by ACSI in preparing the original paper, it was demonstrated to him that additional evidence was available which cast doubt on some of these interpretations.

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15. [REDACTED] I/FE, provided information to ACSI on the motor vehicle and tractor industries of Hungary, and to Army Ordnance Technical Intelligence on the same industry in Communist China, both in connection with Army's preparation of NIS contributions. [REDACTED] OGI, on two weeks' training duty in ACSI, spent several days in I/FE and was provided with oral and documentary support on the motor vehicle industry of Czechoslovakia.

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16. Chief, I/SE participated in a briefing of Admiral Post of the Joint Staff on recent Soviet submarine developments.

**II. Changes in Estimates:**

17. As a result of information acquired in May and June of 1959, I/SE's estimates of Soviet semiconductor device production have been revised upward. It is now believed that the output of these devices in 1960 will be between two and three times the levels originally called for in the Sixth FYP. Despite this, however, the Seven Year Plan goals for the production of semiconductor devices in the USSR appear to be modest, compared with the level of output and growth rates which have been, and are currently being, achieved.

**III. Future Plans:**

18. Chief, I/GM will participate in a meeting on 9 July between the DD/I and General Sanford, Director, NSA, at which it is hoped that the latter will outline the measures to be taken by NSA to improve substantially its capability to provide data of key importance to the I/GM research effort.

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19. [REDACTED] I/AR, will travel to New York in early July to inspect the Soviet CLKAT (TU-114) aircraft and to observe construction methods.

**IV. Problems:**

20. No significant ones encountered.

**V. Other:**

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[REDACTED] and consultant to D/I, spent two days reviewing and discussing individual branch research activities and responsibilities and the Division's FY 60 Research Program with Chief, ERA; Deputy Chief, D/I; and individual branch chiefs and analysts.

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**Distribution:**

Orig. and 1 - Addressee  
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1 - D/I Chrono File  
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